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C O N F I D E N T I A L BUENOS AIRES 001360

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WHA FOR WHA/BSC AND WHA/EPSC
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PASS FED BOARD OF GOVERNORS FOR PATRICE ROBITAILLE
EX-IM BANK FOR MICHELE WILKINS
OPIC FOR GEORGE SCHULTZ AND RUTH ANN NICASTRI
PASS USTR FOR SUE CRONIN AND MARY SULLIVAN
USDOC FOR ALEXANDER PEACHER AND JOHN ANDERSEN
TREASURY FOR LTRAN
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E.O. 12958: DECL: 07/16/2016

TAGS: ECON EFIN ETRD PREL AR

SUBJECT: ECONOMY MINISTER MICELI RESIGNS, REPLACED BY
INDUSTRY SECRETARY PEIRANO

REF: BUENOS AIRES 1351

Classified By: Ambassador E.A. Wayne. Reasons 1.5 (b,d)

Summary

¶1. (SBU) GoA Economy Minister Felisa Miceli, dogged by scandal following the discovery of over \$60,000 in cash in her office, has resigned. Chief of Cabinet Minsiter Alberto Fernandez announced Miceli's subordinate, Secretary of Industry and Trade Migueil Peirano, will be named to replace her for the remaining five months of the Kirchner administration's term in office. Peirano is generally considered to be a harder-line trade protectionist than Miceli. End Summary

Miceli Resigns

¶2. (SBU) Economy Minister Felisa Miceli resigned her position in the late afternoon of July 16, under increasing pressure from a developing scandal that followed the discovery of \$64,000 in cash hidden in her office bathroom. She had earlier released a statement that "...for my own stupidity, I am not going to undermine a President who has trusted me." Earlier in the day, Federal Prosecutor

Guillermo Marijuan called for a formal investigation into the origin of the cash.

Toilet-Gate: The Minister and the Money

13. (SBU) Economy Minister Miceli came under scrutiny in late June after Perfil reporter Jorge Lanata reported that during a routine inspection by the explosives brigade in the Economy Ministry, a bag with US\$241,000 had been discovered in the closet of Miceli's private bathroom. A Ministry spokesperson clarified that the amount was actually more like US\$60,000 and that the money had been declared in the Minister's public declaration upon taking office. According to Miceli's office, the money was intended for the acquisition of property. The press and some opposition members alleged corruption, tax evasion, and other violations. Opposition legislators requested information from the executive and called for Miceli's to appear in Congress to give explanations on the case. .

14. (SBU) During the weekend of July 8-9, Cabinet Chief Alberto Fernandez and President Kirchner came out in support of Miceli. At the time, Fernandez stated there are no plans for Miceli to step down, that the President believed her explanation regarding the money, and that hers was "just a lapse in judgment, but not a crime." For her part, Miceli claimed there was a dirty campaign against her by some in the Economic Ministry.

15. (SBU) Miceli's public statements did little to dispel suspicion of wrongdoing and highlighted several inconsistencies in her story. The press reported other supposed anomalies such as some of the money being in Central Bank "bundles." According to the press, the Central Bank only provides money to banks or financial institutions, not to individuals. Agendas that were seized by the court did not show any indication that Miceli had scheduled meetings with real-estate brokers, to which Miceli responded that she had not yet found a house and, therefore, had no sales contract or broker.

Industry Secretary Peirano Named to Replace Miceli

16. (SBU) At 20:10 local time, Chief of Cabinet Minister Alberto Fernandez announced that Industry, Trade and Small Business Secretary Miguel Peirano will replace Miceli for the remaining five months of the Kirchner administration term in office. Well known to the Embassy, 40-year old Peirano's current responsibilities include management of Argentina's trade and tariff policies designed to protect and promote the post-crisis development of Argentina's domestic industrial base. He is generally considered to be a harder-line trade protectionist than Miceli. Peirano participated in the June 2007 Atlanta Competitiveness Forum hosted by the Commerce Secretary Gutierrez. In his current Economy Ministry

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position, he has not worked on finance issues, including high profile Paris Club and bond holdout discussions.

Comment

17. (C) President Kirchner has yet to comment publicly on Miceli's resignation or, in this rapidly developing story, the decision to choose Peirano as the new Economy Minister. While local financial markets are closed for the day, Embassy financial service sector contacts do not anticipate any significant impact on July 17 opening equity or debt market prices. Miceli has been considered a weak Minister, chosen specifically by President Kirchner to replace high profile former Economy Minister Lavagna. Lavagna had been forced to resign in 2005 after challenging the Kirchner

administration's infrastructure project procurement policies
and is now running as an opposition Presidential candidate.
WAYNE